

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1520 - HB 1992

March 18, 2011

SUMMARY OF BILL: Delays, from July 1, 2011, until July 1, 2013, the implementation date of the streamlined sales tax. Requires repayment, with interest, of all headquarters staff employee franchise and excise jobs tax credits or refunds for any positions that do not remain filled during the investment period.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – An increase in state revenue up to \$9,500 plus interest for each headquarters staff position that did not remain filled during the established investment period for which job tax credits were authorized and utilized by a qualified business enterprise. The number of positions that will not remain filled cannot reasonably be determined.

Assumptions:

- Based on information provided by the Department of Revenue (DOR), extending the effective date for the streamlined sales tax agreement provisions by two additional years will not have an impact on state or local government revenue. These same provisions were extended two years ago with Public Acts 2009, Public Chapter 530 as part of the technical corrections bill (HB2275 – SB 2318). At that time, DOR indicated the extensions would not impact state or local government revenue.
- Pursuant to Tenn. Code Ann. 67-4-2109(b)(1)(A), the job tax credit is \$4,500 for each new qualified job created by a qualified business enterprise.
- Pursuant to Tenn. Code Ann. 67-4-2109(b)(2)(B)(vi), a qualified business enterprise could receive additional job tax credits of \$5,000 for each new qualified job created depending on the extent of capital investment made in Tennessee by the qualified business enterprise.

- The fiscal impact relative to the proposed job tax credit provision of this bill is dependent upon several unknown factors such as the number of qualified businesses enterprises that utilized job tax credits applicable to jobs that did not remain filled during the investment period, the cumulative number of jobs for which job tax credits were authorized, and the extent of job tax credits that were authorized and utilized for each job.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc